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FBI Says Spy Suspect Admits Selling Data

Yurchenko's Disclosures Led to Pelton

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A former communications specialist who spent 14 years working for the highly secret U.S. National Security Agency has admitted selling what the government described as "extremely sensitive" intelligence information to the Soviet Union during the last five years, according to documents filed yesterday in U.S. District Court in Baltimore.

Ronald William Pelton, 44, who was arrested early yesterday at the Annapolis Hilton Hotel, was identified as a Soviet spy earlier this year based on information from Soviet KGB official Vitaly S. Yurchenko, according to Assistant FBI Director William Baker. Yurchenko asked for political asylum here in August, then abruptly decided to return to the Soviet Union in early November.

Pelton, who was arraigned yesterday, is the 14th person in the country charged with espionage this year, including three last week. Baker said the recent arrests are partially a result of an increased number of FBI agents assigned to counterintelligence duty and a "higher priority" in the FBI and Justice Department to prosecute espionage suspects.

Fred W. Bennett, the public defender who represented convicted spy John Anthony Walker Jr., was appointed by the court as Pelton's lawyer. If convicted of the charges against him, Pelton could face life imprisonment.

Bennett said statements to the FBI should not be characterized as a confession. "There are a number of potential defenses," Bennett said. He said he hasn't seen transcripts "of any statements [Pelton] allegedly made. We can't tell if they will be admissible as evidence."

Pelton, a sandy-haired man graying slightly at the temples, said little at the brief court hearing.

According to an FBI affidavit presented during the hearing, Pelton admitted he made contact with the Soviets in January 1980, the year after he left the NSA at a salary of $24,500 in the midst of "serious financial troubles." He subsequently made several trips to Vienna, where he stayed at the home of the Soviet ambassador and was debriefed at length by KGB agents, according to the FBI.

Pelton had worked for the NSA from November 1965 until July 1979. The NSA, headquartered at Fort Meade, Md., north of Washington, is the largest and most secret U.S. intelligence agency. It houses the U.S. government's largest and most sophisticated supercomputers designed to crack encoded foreign military and diplomatic messages gathered by tens of thousands of employes worldwide.

In addition to his top secret clearance, Pelton had clearances "for special compartmented information relating to signals intelligence," and was the author of a 1978 classified document "concerning technical information about the Soviet Union," according to the affidavit.

Intelligence sources said yesterday that Pelton's access to sensitive electronic eavesdropping systems and procedures represented a "serious loss" to U.S. intelligence. Sources said it appears Pelton may have told the Soviets details of collection systems, such as spy satellites and electronic listening posts in foreign countries or on spy planes and ships.

The FBI said Pelton approached the Soviets four months after filing for bankruptcy in which he listed debts of $64,650, including first and second mortgages on a Howard County home he valued at $31,000, and credit card bills for gasoline, home furnishings and other items.

At the time of bankruptcy, Pelton said he had only $6.80 in cash and $8 in a checking account. He listed his other assets as four old cars, a motorcycle, a $10 watch, a bowling ball, five pairs of shoes and a razor.

The affidavit gave the following account: Pelton's mission with the Soviets began with a trip to the Soviet Embassy in Washington. At that 1980 meeting, he agreed to sell them information and told them about a U.S. intelligence collection project targeted at the Soviet Union.

In October 1980, and in January 1983, Pelton traveled to Vienna and stayed in the Soviet ambassador's apartment in the Soviet Embassy compound there. He told the FBI he received a call at his Silver Spring home from a contact who arranged for the 1983 trip.

Pelton said that on each occasion in Vienna, he spent three to four days in debriefing sessions with KGB agent Anatoly Slavnov. He spent about eight hours a day with Slavnov, providing written answers to questions submitted in writing by Slavnov. Pelton said he was questioned about nearly every area of sensitive information he had access to at NSA, including the document on the Soviet Union he wrote in 1978.

Pelton admitted receiving cash in exchange for the information, specifically $15,000, during the 1983 visit. The FBI said bank records show he opened a new bank account in March 1983 and subsequently made two $5,000 cash deposits. It could not be determined how much Pelton allegedly received in total from the Soviets.

Pelton also told the FBI that he spent three days in Vienna in April of this year but was unable to meet with a Soviet agent then. He said that when he returned, he got another call at home from a Soviet contact who asked that he make another trip to Vienna in October. The affidavit does not state whether that trip ever took place.

A senior FBI official said yesterday that federal agents did not have Pelton's name when the investiga-

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Ronald W. Pelton, right, is led from Anne Arundel detention center by FBI agent.

tion began after Yurchenko's August defection.

"After we got the initial leads from Yurchenko, it took a lot of time and detective work with a lot of cooperation from NSA before we were able to zero in" on Pelton, assistant director Baker said.

"It is typical in espionage cases to confront the individual," Baker said, because a successful confrontation allows the FBI counterintelligence officials then to consider whether to bring a case against the suspected spy or to use the leverage gained to turn him into a double agent.

Information from Yurchenko also pointed to Edward L. Howard, a former CIA employe, who was charged with selling secrets to the Soviets but fled the country before he could be arrested.

At home in the Washington area, Pelton was a business entrepreneur who shifted jobs and residences with some frequency. Bennett, his attorney, said Pelton is estranged from his wife, who lives in Gaithersburg with two of their four children.

Pelton told the landlord of his Dupont Circle apartment that he had an interest in a company, Gladhill Tractor Mart, and his rent checks had the company's name inscribed across the top.

But Maurice Gladhill, owner and president of the Frederick, Md., firm, said yesterday he "never saw or heard of" Pelton. He said he has not used the name "Gladhill Tractor Mart" since 1983, when he incorporated the business and received new business identification numbers. At that time, he said, he changed the firm's name to "Gladhill Tractor Mart Inc."

The landlord, who asked not to be identified, said Pelton, who rented a furnished English basement apartment at 1704 19th St. NW, seemed self-assured. The landlord said Pelton talked "with a great deal of pride" about a health club, of which he was president, called Health and Fitness of Georgetown.

"He talked a lot about being healthy . . . about how he had shed a great deal of weight. He spoke with a great deal of authority," the landlord said.

Pelton signed a year's lease to rent the one-bedroom apartment for $760 a month in October, according to the landlord. But he appeared never to really live there, the landlord said.

"I never detected any personal effects," said the landlord, who visited the apartment in early November. "I remember seeing a newspaper and some food, that's all."

Just a few weeks after he had signed the lease, the landlord said, Pelton insisted he had to break it because he was buying a boat business in Annapolis and the apartment was too far away. Attorney Bennett said Pelton has been living on a houseboat in Annapolis recently.

Pelton also complained that someone had broken into his Lincoln Continental when he had parked it on the street, the landlord said.

Pelton has been drawing a $600-a-week advance on commissions at Safford Yacht Sales, where he had worked as a salesman for two months, according to defense attorneys, and has no other assets except the 1979 Lincoln valued at $1,000.

Further details of the case against Pelton are expected to emerge in a bond hearing set for tomorrow. He is currently in federal custody in the Baltimore City Jail.

U.S. intelligence has suffered several losses from its top secret eavesdropping programs, both of them involving spy satellites.

In January 1977 federal authorities discovered that a code room clerk at a top secret defense contractor facility of TRW Inc. in California had been selling technical data about the Rhyolite series of spy satellites, which allow NSA to sort through millions of telephone and radio communication signals in the Soviet Union from outer space.

The code room clerk, Christopher J. Boyce, then 22, and his boyhood friend, Andrew Dalton Lee, are currently serving prison terms in that spy case, which was popularized by the book and movie: "The Falcon and the Snowman."

James Bamford, author of "The Puzzle Palace," a history of NSA, said in an interview that while it is too early to tell what kind of secrets Pelton had access to over his 14-year career, there is a strong likelihood that he would be able to tell the Soviets a great deal about NSA eavesdropping activities around the world.

Bamford pointed out that all NSA employees have at minimum a top secret-signals security clearance that requires a special background investigation.

"The worst case," Bamford said, "is that he might be able to tell the Russians that we are able to intercept, for instance, the link between Moscow and the submarine bases at Vladivostok" or some other sensitive military link.

Bamford added that someone with top secret-signals intelligence clearance also could compromise which coded military channels NSA can intercept and decipher on a regular basis.

"It sounds like he worked in attacking Soviet communications," Bamford said, adding that the key to understanding the damage he may have done to U.S. intelligence would be in reconstructing all the top secret programs he had worked on for more than a decade.

Staff writers John Mintz and Sharon LaFraniere contributed to this report.

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